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## Does new public management practices lead to effective public welfare responses in Pakistan

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**Abstract.** New Public Management is used to regulate government policies meant to enhance performance of public sector that ultimately facilitates general public interest and improve their living standards. New Public Management is inevitable as under this approach modern governments are inclined to bring reforms in an effort to improve efficiency and effectiveness of public sector by adopting private sector practices. Pakistan is also influenced by NPM as reforms in public sector have been developed and implemented to some extent with weak claims of improved performance. The lack of actual improvement in performance raises many questions on the effectiveness of NPM implementation in Pakistan. This study aims to explore these questions by measuring factors influencing performance of public sector organizations in Pakistan. This study adopted quantitative approach to conduct an empirical investigation. Research framework includes major factors of NPM based on literature. Data was collected using adopted questionnaires for each variable. Survey was done from a sample taken from public sectors enterprises in Punjab province under random sampling technique. Data was analyzed using various statistical techniques. Demographics were analyzed in the form of descriptive statistics. Research variables were analyzed using Multiple Regression analysis and Pearson Correlation analysis. Regression assumptions were tested which were fulfilled. Reliability and validity were also tested. Findings show that both “Democratization and Participation (Involvement in Decision Making)”; and “Customer Concept (Customer Orientation)” have positive influence on performance under NPM. Whereas interestingly “Decentralization (Delegation)” has negative influence on performance under NPM as a result of resistance of employees towards recent attempts of Devolution of power or authority. But surprisingly “Management Style (HR Practices)” show no influence on performance under NPM as a result of unresponsiveness of employees towards modern management related practices. Recommendations have been provided as general and specific strategies for effective implementation of NPM in order to enhance organizational performance under NPM.

**Keywords.** Public management, Public welfare.

**JEL.** D73, E60, H10.

### 1. Introduction

This chapter includes background, importance of problem, problem statement, research question, objective of research, and significance of study. Context of study is the exact position of research in literature. This study is broadly in the category of social sciences. Further it falls under the area of Management and then Public Management.

#### 1.1. Background of the problem

The term New Public Management (NPM) or NPA (New Public Administration) was conceptualized by Christopher Cropper Hood, Gladstone

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Professor of Government in 1991. It broadly speculates the government policies which meant to enhance public sector efficiency (Hood, 1991b).

As per fundamental assumption of NPM, market based orientation of public sector management will lead to better cost-efficiency exclusively (Boston, 1996). The idea behind NPM is routed through the call for redesigning the public sector policies on the basis of market economy (David & Gaebler, 1992).

Conventionally, NPM has its origins in public-choice theory and managerialism (Dunsire, 1995; Gruening, 2001; Schedler, 1995a). Some salient characteristics of the New Public Management or New Public Administration (NPM/NPA) are given in the Table 1 below:

**Table 1. Characteristics of NPM/NPA**

Undisputed characteristics (Gruening, 2001)	Debatable attributes (Gruening, 2001)
a. Budget cuts	1. Legal, budget, and spending constraints
b. Vouchers	2. Rationalization of jurisdictions
c. Accountability for performance	3. Policy analysis and evaluation
d. Performance auditing	4. Improved regulation
e. Privatization	5. Rationalization or streamlining of administrative structures
f. Customers (one-stop shops, case management)	6. Democratization and citizen participation
g. Decentralization	
h. Strategic planning and management	
i. Separation of provision and production	
j. Competition	
k. Performance measurement	
l. Changed management style	
m. Contracting out	
n. Freedom to manage (flexibility)	
o. Improved accounting	
p. Personnel management (incentives)	
q. User charges	
r. Separation of politics and administration	
s. Improved financial management	
t. More use of information technology	

Since 1980s, the world supranational organizations have been striving to strengthen public sector organizations (Dunleavy, *et al.*, 2006). Business world is composed of two main sectors i.e. public sector and private sector. Private organizations usually aim to earn profit whereas public sector organizations focus to facilitate general public interest and improve their living standards. Critical evaluation reveals that the performance of the public sector is not up to the mark (Schachter, 1989). Since people have become more sentient of their rights, they are demanding more accountability and response from the government sector. The feature of NPM in terms of economy was advocated by the World Bank, the International Monetary Fund, the Organization for Economic Cooperation and Development, and UN. It became a powerful instrument for the change in developing countries, which had to accept the prescriptions of the international donor agencies to get financial assistance (Knack, 2004; Turner & Hulme, 1997). The idea behind NPM is routed through the call for redesigning the public sector policies on the basis of market economy (Osborne & Gaebler, 1992). Conventionally, NPM has its origins in public-choice theory and managerialism (Aucoin, 1990; Reichard, 1996; Schedler, 1995b). The need for change is to adopt private sector business techniques and introduce them in public sector in order to improve their efficiency and effectiveness. These attempts have been termed as New Public management or reforms. The main theme of NPM is to see how public sector organizations should change the efficiency, the procedure and expertise and the relationship with the private sector (Cole & Jones, 2005). The traditional approach of public administration has given greater emphasis on rules and procedures whereas the new paradigm places high emphasize on the attainment of results and outputs.

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In order to strengthen Public sector of Pakistan, Asian Development Bank (ADB) has started different reforms for balancing the economic crisis in 1998. The main goal of Public sector reforms was to improve the feedback mechanism in accordance with the requirements of the macroeconomic stability, revival of economic growth and reduction in the poverty levels. ADB had approved many programs in order to reengineering the different sectors i.e. Rural Finance Sector Development Program, Trade, Export Promotion and Industry Program (TEPI) (1999); the Energy Sector Restructuring Program and Microfinance Development sector Program (2001); the Governance Program and Financial (Non-Bank) Markets (2002) and the Decentralization Support Program.

In Pakistan, since the introduction of New Public Management reforms, false claims regarding little implementation have been made about its improved performance. Instead of strengthening the economy and reducing poverty, loans are being sought from different supranational organizations. The question is as to why public sector organizations are not performing up to the mark? Related to the said question, why change is not visible? Equally important is to ask as to why citizens are not treated like customers. This study is designed to explore the answer to these questions by measuring the influence of different variables influencing the performance of public sector organizations. The variables influencing the public sector organization performance have been explored in different countries of the world but little work has been done in Pakistan.

### 1.2. Problem statement

Widespread introduction of public management reforms or inventions or restructuring of public sector organizations have led to the improvement in public service provision in UK, USA, New Zealand, Australia along with other developed and some developing countries. In 2001, Pakistan adopted reform techniques in public sector organizations. The concept of decentralized local government is not novel in Pakistan but it has remained rhetoric rather than a working reality. Devolution reforms of 2001 are deemed relatively successful by the international aid and development agencies; at least in terms of considerable enhancement in deliverance of the quality services of common man at the grass root level. Moreover, success is dependent on its effectiveness which is not well known because it lacks substantial empirical evidence. This study would aim to evaluate the effects of that particular NPM practices in public sector enterprises. This research will help the public sectors' policy makers to create the state of art end product for excellence of deliverance of services to face the pressure of international donor agencies. Therefore, this issue requires further investigation especially in Pakistani context. Theoretically, it is an effort to fill a gap in literature especially from Pakistani perspective on New Public Management (NPM). Practically, it has implications for public sector organizations to enhance understanding of factors influencing effectiveness of NPM in Pakistan and to learn the ways of improving those factors for deliverance of quality services.

### 1.3. Importance of the problem

Various researches are found in the area of success or failure of NPM. Researchers have tried to evaluate NPM implementation in various aspects such as change, improvement or effectiveness. These researches have widely been undertaken in different countries of the world; however it is quite an under-researched area in Pakistan. Therefore, this deficiency must be addressed with further research. This research is important as it aims to empirically investigate factors empirically that influence the effectiveness of NPM in public sector organizations of Pakistan. This study is significant as it explores some of the factors that stand critical in the success as well as failure of these reforms. Furthermore, this study is important as it focuses on the dimensions of NPM implemented by middle level managers in their respective departments.

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### 1.4. Objectives of the research

In light of the aforementioned highlighted research gap and need of NPM evaluation, the main objective of this study is to evaluate that how NPM has influenced and increased the performance of public sector enterprises. Government of Pakistan is under continuous pressures from international donors, international financial regulatory authorities and aid agencies to privatize its denationalized entities that provide public services and let the 'invisible hand' take care of economy and public sector. However, the counter argument is that Pakistan has had a huge public sector for decades and vast majority of population is dependent on public provision of goods and services. In other words, exit option is not available to marginalized groups of society and unfortunately such groups make the majority in population. As such switching over to free market economy and rolling back of state institutions is not a straightforward and simple solution. Adaptation to imported models like NPM (New Public Management) is the only option to implement. To align with the research objective, the following questions will be probed further.

### 1.5. Research Question

This study has following research question:

“What are the major dimensions of NPM that have significant impact on the performance of Public Sector Enterprises in Pakistan?”

### 1.6. Significance of the Study

This study is important in various aspects. It has theoretical significance as it contributes in literature by giving valuable perception to readers on effectiveness of NPM in enhancing performance of organizations in Pakistan. It has practical significance as it is valuable for decision or policy makers in these organizations who might be helpful in making better strategies and thus implementing NPM effectively in future.

### 1.7. Limitations of the Study

First, this study is limited in terms of sample because it covered participants within three provinces of the country and by and large the respondents were from Punjab. It was helpful for gathering data conveniently but it limits the representation of organizations from other regions. Second, this study is also limited in terms of measurement tools because it used only questionnaire for data collection. It was helpful for gathering data from large number of respondents but it limits the depth of information that other tools may provide.

### 1.8. Future Research Directions

First, a broad sample should be taken to cover organizations present in other provinces of the country. It will give representation to the organizations all over the country. Second, multiple measurement tools should be utilized for data collection. Interviews can give more in-depth information on the current topic because it has infrequent empirical studies on it thus it requires evidence of new information from various aspects.

### 1.9. Organization of Thesis

This research document is organized in different sections. Appended parts include tables and lists; abstract, references, appendix etc. whereas body parts include main chapters of research.

First chapter is “Introduction” which covers overview of whole research. It includes sections of Background of the Problem; Problem Statement; Importance of the Problem; Objectives of the Research; Research Question; Significance of the Study; Limitations of the Study; Future Research Directions; and Organization of Thesis.

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Second chapter is “Literature Review” which covers review of literature relevant to this research. It includes sections of Background of NPM; Early Research on NPM; Recent Research on NPM; NPM in Various Regions; NPM in Pakistan; NPM Outcomes – Performance in NPM; and Outcome of Review.

Third chapter is “Research Framework” which covers theoretical framework or model used in this research. It includes sections of Selected Variables; Proposed Research Framework; and Development of Hypotheses.

Fourth chapter is “Research Methodology” which covers overall methods and techniques used in this research. It includes sections of Research Approach and Strategy; Data Sources; Population and Sampling; Design of Measures; Procedure for Data Collection; and Statistical Techniques and Tools.

Fifth chapter is “Data Analyses and Discussion” which covers analysis of data, its interpretations and its implications in this research. It includes section of Data Analyses as Descriptive Statistics; Validity and Reliability; Assumptions for Regression Analysis; Regression Analysis; and Result of Hypotheses Testing; and Correlation Matrix. It includes section of Discussion as well.

Sixth chapter is “Conclusion and Recommendations” which covers outcome of this research and relevant suggestions or directions. It includes sections of Conclusion and Recommendations.

## 2. Literature review

This chapter includes review of previous literature on the topic under study. Review covers the integrated review of relevant literature in the past few decades. This review is in the form of a critical analysis and outcome of review.

The review of the literature has been classified into major sections covering background, periods, and situation for various factors that are commonly researched in the area of NPM; and outcome of NPM; as well as outcome of overall review.

### 2.1. Background of NPM

Literature review covers the background of NPM before the analysis and review of NPM from different aspects. The necessary background has been reviewed below:

The term 'new public management' (NPM) is broad and is composed of overlapping concepts as well. Therefore, sometimes it is also considered controversial as a term. It is used mainly as a handy shorthand, a summary description of a way of reorganizing public sector bodies to bring their management, reporting, and accounting approaches closer to (a particular perception of) business methods. Different researchers described the doctrines of public sector management encompassed by NPM and also described the phases in the development of NPM and its future prospects. Aucoin (1990); Pollitt (1990); Hood (1991b) are among few notable researchers in this area.

Savoie (2003) defined NPM as a process to break down formal systems of control and instill a new ‘bias for action’ in government bureaucracies and a public sector management theory that sought to make government more efficient and responsive by employing private sector techniques and creating market conditions for the delivery of public services. Some contemporary researchers define NPM as a best blend of dividing large bureaucracies into smaller, competition between public sector departments, public and private sectors and incentivization on appropriate economic basis (Khilji & Wang, 2006; Legge, 1995; Lengnick-Hall, *et al.*, 2009). Christopher Cropper Hood, Gladstone Professor of Government in 1991 defined NPM “the government policies which meant to enhance public sector efficiency” (Hood, 1991a). For as this study, we will consider the definition of Hood as operational definition of NPM.

Next sections of literature review cover NPM research under the classification of early studies; recent studies; NPM in various regions; and NPM in Pakistan;



and outcome of NPM i.e., performance in NPM. Later, outcome of overall review is presented.

### 2.2. Early research on NPM

Dunleavy & Hood (1994) analyzed the idea of 'New Public Management' in the perspective of previous efforts at managerial reform. It argues that NPM has proved to be having a consistent agenda while the major criticisms on NPM have contradictions among themselves. NPM must endure criticisms by modifying its agenda, attempting to identify the areas and overcome the drawbacks that prominently exist in NPM methods.

Hood (1995) discussed the rise of NPM as an alternative to the tradition of public accountability and organizational best practice. There are a number of variations in the extent to which different OECD countries adopted NPM in initial years. Conventional explanation of the rise of NPM is also hard to sustain inspection and varies in any of the inspections done.

Ferris & Graddy (1998) evaluated the importance of institutional economics in the development of a new public management theory and its role in designing institutional arrangements that would further help towards improvement of public sector performance. It explored elements of transaction cost and principal agency theory along with their application in public sector. Numerous factors associated with policy making and implementations are analyzed along with their risks to public sector accountability. Findings indicate that institutional economics can provide theoretical foundation for government reform initiatives that would ultimately lead towards effective application of private sector solutions to public management.

Christensen & Lægreid (2001) explores the view that modern reforms such as New Public Management represent a globalization trend. It has been interrogated by analyzing the differentiated effects and implications of NPM when implemented in the civil service systems in Australia, New Zealand and Norway. This interrogation is focused mostly on how NPM affected relationship between political and administrative leadership and enquires whether politicians are losing control on two main features of NPM devolution and contractualism. It is quite possible that control is lost to structural devolution due to dominance of economic norms and values. And it is also possible that control is lost to contracts. These possibilities affect public belief of civil servants as well. Relationship between political control and administrative autonomy is also discussed in the perspectives of accountability and responsibility. And possible negative and positive effects of NPM on political governance are also presented.

### 2.3. Recent Research on NPM

Pollitt & Dan (2011) assessed the impacts of NPM and reported the analysis of a database of nearly 520 relevant studies available at COCOPS website [Retrieved from]. Key findings indicate that studies dealing with outputs and outcomes are rare in the area of NPM. Most studies are confined to 'internal' changes in the activities and processes of public organizations. Majority of studies on outputs and outcomes covered performance improvements but such majority does not cover any change or actual worsening of performance. Such huge variation seems to be connected with certain contextual influences of which important ones are analyzed and an informed speculation has been offered regarding the causes of widespread of reforms while evidence base seems weak and less significant.

Hammerschmid & Van de Walle (2011) indicated that New Public Management has existed in European public sectors since more than 25 years. It is a surprise to find only a few studies covering evaluations although the research in this area emphasizes indicators and evidence of NPM. It also presents an overview of academic evaluation and impact studies of entire NPM-style reform programs in terms of two sets of changes and reforms. The first set focuses on

specific managerial innovations within public organizations while the second set focuses on changes to overall role of government and citizens induced by NPM. It concludes that majority of research focuses on the first set of changes whereas second one only got limited attention mainly in critical areas.

Theobald (2012) studied the application of New Public Management in Long-term Care Insurance. Germany restructured formal care provision by implementing reforms based on NPM. It emphasized on market, competition and efficiency in this sector. It analyses this process of implementation of NPM by combining NPM concepts or measures preconditions of welfare mix approaches of care responsibility and the political-administrative system of the social insurance-based welfare state. Findings reveal that German assumptions on welfare mix paved the way for NPM reforms and social insurance-based welfare state strengthened state's position. It indicates an increase for-profit providers, tensions emerging due to new organizational forms of care provision and underlying values within welfare associations, and the situation of care workers. Therefore, it claims that NPM is not mere management technique.

Jarl, Fredriksson, & Persson (2012) suggested that New Public Management is one of the most significant reforms in public welfare during recent past. Previous sociological research seems to argue that NPM results in a 'de-professionalization' of civil servants which makes individual civil servants more dependent on the directions of the local manager than on common professional standards. Recent public administration research, on the other hand takes slightly different approach that apart from previous assumption, NPM may also enhance the professional status of welfare managers. An example of a professional project for school principals in Sweden has been used to develop a theoretical framework for understanding the influence of NPM. That framework was developed by integrating literature on sociology of professions and public administration. It used a process-oriented methodological approach. Its results indicated that Swedish school principals gained increased support for their professional project by introducing NPM. On the basis of these findings, it is claimed that NPM can function as a catalyst for professional projects of welfare managers.

Alonso, Clifton, & Díaz-Fuentes (2013) explored whether New Public Management actually leads towards a smaller public sector. NPM is found to be the subject of extensive academic debate in terms of its successes and failures. But empirical assessments rarely focused on whether NPM reached its stated objectives or not. The main reason is the difficulty of quantifying the impact of such reforms. Therefore, this study attempted to focus on this aspect of NPM particularly taking outsourcing and decentralization in to account. Findings indicate that government outsourcing did not lead to a smaller public sector whereas decentralization policies resulted in a smaller public sector, particularly from the perspective of government expenditure.

### 2.4. NPM in Various Regions

Dan & Pollitt (2014) reviewed previous NPM research in central and eastern Europe (CEE) regions to identify the outcome of reforms. They claim that recent research increasingly debates against the appropriate application of NPM in the region. Thus, such highly debated policy must be explored for clear understanding. They classified actual impacts of NPM that match central and eastern European states. And evaluated past decade's empirical studies in the region according to their classification. This assessment, contrary to prior literature, suggested that NPM is workable in the region. NPM has usually been less effective than expected but existence of enough evidence shows that certain central ideas in NPM has improved public organizations. Such recent and transparent assessment of NPM effectiveness in a growing region has quite useful implications for other regions having similar challenges and opportunities.

Glor (2001) reviewed NPM and under chosen categories and definition of previous researchers, assessed the adoption and implementation of NPM in

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Canada. Findings show that Canada is in debts since it reorganized its government, changed its management methods and reduced federal public sector. Author suggests that federal government's improvement in terms of reduced expenditures in public service is similar to UK and New Zealand or even better.

Hope Sr & Chikulo (2000) suggested that the role of public sector is transformed all over the world since it is directed towards public service delivery and better economic progress. This change required policy reform in traditional public administration. These reforms have now become NPM. Authors analyzed role of decentralization in public sector with respect to NPM in Africa. They suggest that NPM can provide an appropriate framework for efficient public services delivery in Africa.

Steane (1999) suggested that public management has now changed fundamentally as public choice and principal agency theories have evolved. These are being applied to modern management in terms of competition and contracts. These developments will further result in evolved role of the state.

Sehested (2002) identified the NPM reforms in Europe and their relationship with professional roles of managers. Author proposed that NPM reforms challenges the traditional autonomous role of professionals. Further comparative analysis of European literature on NPM reforms identifies specific challenges for professionals. Moreover, it proposes the Danish way of NPM reforms implementation using decentralization, managerialism and democratization. Author claims that changed roles of professionals raise important research questions. Further, European comparative studies are presented on actual changes in professional roles of managers due to NPM reforms. And further investigation into new roles is suggested.

Marobela (2008) examined recent public sector reforms introduced by the Government of Botswana to improve civil service performance. Political reasons for these changes are explored in terms of neoliberal ideology that is leading these NPM reforms. Process of change is explained through a realist social theory. Findings suggest that in developing countries mostly poor people depend on public services. Thus, privatization of public services will promote poverty and inequality because fundamentally private sector is profit centered not needs centered. Moreover, workers will also face the consequences of the same. Outsourcing is such example in Botswana, shows worse working conditions that workers face. Therefore, restructuring of public sector shall be deeply understood by organizations and researchers related to labor relations.

Elias Sarker (2006) examined factors influencing relative success and failure of NPM initiatives in developing countries with reference to Singapore and Bangladesh. Findings indicate that NPM-oriented reforms are successful due to advanced level of economic development, the existence of market economy, rule of law, advanced administrative infrastructure and state efficiency. It further signifies that Singapore fulfills most of these conditions, whereas Bangladesh lags far behind in such NPM initiatives. Moreover, it is suggested that the state plays vital role in socio-economic transformation that can significantly promote market-oriented reforms. Thus, case of Singapore is a useful example for developing countries like Bangladesh who struggle with NPM reforms.

Norton (2007) examined the suitability of Anglo-American (occidental) NPM practices for public sector reforms in Japan. Findings indicate that the Anglo-American (occidental) NPM reforms do not seem appropriate in Japan. Attempt to use decentralization and deregulation form of NPM is based on historical constitution that was aimed at occupying Power. Adoption of such Anglo-American contexts by Japan's political elite will reduce impact of reforms that would be culturally accommodating and acceptable to all democratic stakeholders. Author proposed that Japan's public sector reformers shall be devised in unique form of NPM considering all cultural and historical aspects. This proposal means that alternative to the UK and US models may also be developed.



Leeuw (1996) proposed that NPM has challenged the common assumption that public sector auditing leads to improvement in public sector performance. It discussed characteristics of NPM which are mainly less controls and devolution of responsibilities. Further it shows why performance auditors can be interested in challenges they may confront while contributing to performance of public sector. These challenges are mainly unintended side-effects of auditing such as ossification. Other challenges may also be lack of communication between auditors and auditees. Directions are provided to handle these challenges.

den Heyer (2011) examined the use of NPM for democratic police reform in transitioning, developing and post-conflict nations. It considers use of NPM in police reform on the basis of previous literature and history of NPM usage in public sector and policing in Western nations. Findings indicated that it is possible to use NPM as a strategy in police reform. Moreover, it can be used with other policing approaches such as community-oriented policing. However, it must be culturally specific and under local capability constraints. These findings are important for the concerns of police reform, transparency and accountability while police reform and restructuring programs are planned or implemented.

### 2.5. NPM in Pakistan

The Pakistani context of research on New Public Management (NPM) is also available to some extent. Zia & Khan (2013) claimed that Pakistan is making efforts to modernize its institutions to deal with formidable and complex challenges that it confronts. Public sector reforms in Pakistan reflect different models. Authors aimed to explore drivers of public sector management reforms to realize how far they reflect local realities and how much they have been influenced by international trends. The results show points of convergence and divergence in different reform drivers in Pakistan led by New Public Management (NPM) model.

Kalimullah, Ashraf, & Ashaduzzaman (2012) stated that New Public Management (NPM) being a new paradigm of public administration, points to the failures and inadequacies of public sector performance over time and the problems of public sector activity and traditional public administration. New public management supposed to address problems such as size of the government, centralized bureaucracies, inadequate mechanisms of accountability, waste and inefficiency in resource use. Authors provided general review of literature and attempted to pinpoint the emergence, principles and criticisms of NPM considering its theoretical aspects.

Naveed & Jadoon (2012) suggested that the universal trend of new public management (NPM) has been emphasized by the government of Pakistan in public enterprises which try to adopt corporate management techniques to improve their performance. It indicates replacement of traditional personnel administration with private sector human resource management practices. Adoption of NPM based reforms is a challenge of policy transfer from developed to developing countries and it makes difficult for public enterprises to enjoy flexibility and autonomy of private sector due to centralizing tendency in public sector particularly in Pakistan. Authors aimed to evaluate adoptability of private-sector HRM practices in public enterprises in Pakistan through a case study analysis of Sui Northern Gas Pipelines Limited. Results indicate inconsistencies between intended and implemented HRM practices and identifies gaps between the both.

Arfeen & Khan (2009) analyzed and examined the impact of public sector innovation to improve public satisfaction level. Authors aimed to analyze the process of innovation, mainly in Information and Communication Technology (ICT) in the public sector. Authors compared the findings of the e-government case study to the literature of innovation mainly in the area of process innovation. Authors gave SWOT analysis with weight rating to judge the e-governance challenges, which Pakistan is facing as a developing nation. Authors also gave

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the e-government model/ guidelines that encapsulate the reality of innovation by the government. The study concluded that the public sector needs to overcome its traditional characteristics of poor agenda setting, unclear objectives, lack of transparency, and bureaucratic layers of decision-making processes.

### 2.6. NPM outcomes – Performance in NPM

Brignall & Modell (2000) claimed that since the 1990s, NPM has affected public services in advanced economies like U.K. and Scandinavia. These public services are under pressure to become efficient and effective to maximum level with minimum demands on taxpayers. Therefore, various private sector management techniques and neo-market system have been adopted. Author aimed to explore role of institutional theory in successful implementation of performance measurement and management in public sector. Various concerns related to interrelationship of stakeholders have been discussed. Consequently, multiple research propositions are given. These are based on link between focal organizations, funders and professional service providers, respectively. Two are based on focal organization's links with purchasers. Further, future research directions are proposed which suggests that empirical research in the form of longitudinal case studies is required which shall examine paths of development and their effects through time.

Brewer & Selden (2000) suggested that abundant theories of effective government organizations exist but empirical testing is rare. Therefore, empirical investigation of these theories is the main purpose here. Authors explored and classified key dimensions of organizational performance from existing theory and developed measures for a construct. And an organizational performance model was also developed from literature. Further, the model is tested with data based on 1996 Merit Principles Survey, U.S. Merit Systems Protection Board. Results indicate that employees' perceptions of organizational performance are supported in twenty-three largest federal agencies. Thus most of the relationships are confirmed.

Kim (2005) followed the previous theoretical and empirical researches in the same journal. Theory of effective government organizations was proposed by Rainey and Steinbauer, and Brewer, whereas empirical study based on data from Merit Principles Survey was conducted by Selden. Following these significant developments author selected individual-level factors for further empirical testing. These factors including job satisfaction, affective commitment, public service motivation, and organizational citizenship behavior were tested for their impact on organizational performance in public sector of Korea. Data were based on survey of public employees in government agencies. Results show that proposed relationships in the model are supported. Further, these findings were discussed with reference to previous studies.

### 2.7. Outcome of Review

The review of literature examined previous research on NPM and its outcomes, specifically performance in various perspectives. This review provides a strong base for selection and finalization of most influential factors of NPM and its outcome as performance. Careful choice of these constructs and their measures will result in the development of a research framework that can be further used as a model for empirical testing. This process is further conducted and presented in the next chapters.

## 3. Research framework

This chapter includes theoretical framework to be used for this research. It also includes hypotheses for the study.

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### 3.1. Selected Variables

The variables (dimensions) and their respective measures (items) have been taken from literature. These independent variables and their measures (items) are mentioned and elaborated next.

- Independent variables consist of Factors influencing the effectiveness of NPM. Total four factors that have been selected from various Characteristics of the NPM.
- Dependent variable consists of Effectiveness of NPM. Total 1 factor has been used to measure effectiveness in terms of Perceived Organizational Performance in NPM.

The lists of both types of Measures of this study in terms of variables and Operationalized Terms are given in the Table 2 below:

**Table 2.** *List of variables*

	Variables (Measures)	Operationalized Terms	Type of Variable
1	Management Style	HR Practices	Independent
2	Decentralization	Delegation	Independent
3	Democratization & Participation	Involvement in Decision Making	Independent
4	Customer Concept	Customer Orientation	Independent
5	Perceived Organizational Performance in NPM	Perceived Organizational Performance in NPM	Dependent

Perceived Organizational Performance in NPM is mainly influenced by Management Style; Decentralization; Democratization & Participation; and Customer Concept. The theoretical implications, significance for Organizational Performance in NPM (Dependent Variable), and evidence from previous research is given for each of the variables (dimensions) and their respective measures (items).

Management Style (HR Practices)

Decentralization (Delegation)

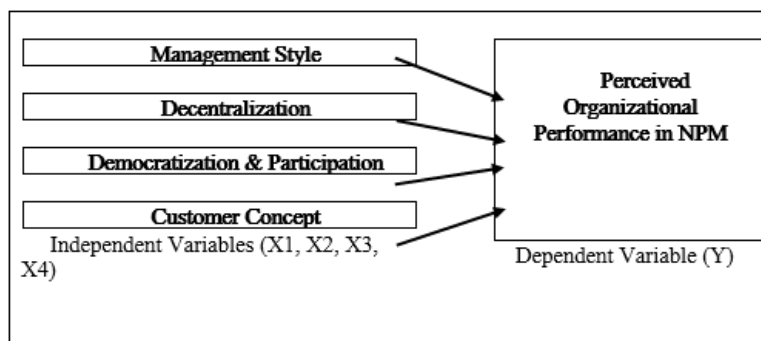
Democratization and Participation (Involvement in Decision Making)

Customer Concept (Customer Orientation)

Perceived Organizational Performance in NPM

### 3.2. Proposed research framework

The conceptual model is based on the relationship of independent variables with dependent variable. The causal relationship makes it a causal model which is presented in the form of a research framework. The statistical model for casual relationship is usually regression model which will be mentioned in this research. Proposed research framework or model is shown in the Figure 1 below:



**Figure 1.** *Proposed Research Framework*

### 3.3. Development of Hypotheses

The relationship among independent variables and respective dependent variable are usually tested through hypotheses statements based on the linkages developed among all the variables. Null Hypotheses are rejected and Alternate

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Hypotheses are accepted for successful outcome of testing relationships through Hypotheses statements. The alternate hypotheses developed from variables of finalized model are stated below:

- H<sub>1</sub>: “Management Style” has significant and positive impact on “Perceived Organizational Performance in NPM”.
- H<sub>2</sub>: “Decentralization” has significant and positive impact on “Perceived Organizational Performance in NPM”.
- H<sub>3</sub>: “Democratization & Participation” has significant and positive impact on “Perceived Organizational Performance in NPM”.
- H<sub>4</sub>: “Customer Concept” has significant and positive impact on “Perceived Organizational Performance in NPM”.

### 4. Research methodology

This chapter includes methodology of this research. It covers research approach, data sources, design of population and sampling, design of measures, procedure for data collection, and statistical techniques and tools.

#### 4.1. Research Approach and Strategy

This study can be categorized as policy research. Nagel, Stuart (1999) defined Policy research that "determining which of various policies will most achieve a given set of goals in light of the relations between the policies and the goals". Policy research is an approach to attain confidence for researcher and it is a process of public self-criticism with an eye to improving their methods (Firestone & Herriott, 1982; Miles, 1979; Smith & Louis, 1982; Yin, 1981). Policy researches have previously adopted both quantitative as well as qualitative research strategy. Quantitative research strategy options have been predetermined and a large number of respondents are involved. By definition, measurement must be objective, quantitative and statistically valid and it refers to counts and measures of things. Whereas, qualitative research is collecting, analyzing, and interpreting data by observing what people do and say. It refers to the meanings, concepts, definitions, characteristics, metaphors, symbols, and descriptions of things. However, based on the objective and questions of the research, this study tends to deploy quantitative research strategy. Quantitative strategy is implemented in a study when it aims to gather and analyze data in a pure empirical way by using numerical evidences.

Research approach in this study is quantitative as it deals with numerical data analysis. The data is collected for variables of framework using measurement tool and later it is analyzed under statistical analysis techniques using statistical tools. The results of analyses are then interpreted and discussed quantitatively as this research used quantitative research approach.

#### 4.2. Data Sources

A research usually includes primary and secondary sources of data. Secondary sources of data help to make use of previous data such as literature, reports empirical data etc. Whereas, primary sources of data help to gather new data such as survey, interview, focus groups, experiment etc. Primary sources provide theoretical knowledge whereas secondary sources provide significance to source for analysis of data.

This study collected data from different sources. Literature, model, measures, and previous legislation are secondary and questionnaire is primary data source. Questionnaire was searched from literature. For this study, only those public sector enterprises were selected where devolution reforms have been implemented. Primary data was collected from those civil services officers who worked more than three months in those government departments where reforms were implemented. Questionnaires were distributed among civil officers by hand and e-mail. Most of the respondents were from Punjab and less respondents

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were belong to the other two provinces (i.e. KPK and Sindh) although no respondent from Baluchistan.

### 4.3. Population and sampling

Population and sampling methodology is mentioned here.

#### 4.3.1. Population

Population is used to draw certain sample from it under certain sampling technique. A sampling frame is used for that purpose.

For this “Devolution Plan (2000)” as elaborated in a study by Paracha (2003), only those public sector enterprises were selected where public management reforms have been implemented. i.e., eleven (11) different public sector departments mentioned in Districts were the third order of administrative divisions, below Provinces and Divisions, until the reforms of August 2000, when Divisions were abolished. Districts were declared the top tier of a three-tier system of local government with the two lower tiers composed of approximately 596 Tehsils and more than 6,000 Union Councils. Prior to 2001, there were 106 districts in the four provinces. The population for this study is based on a list of civil servants (BPS-17 to BPS-20) of public organizations compiled from the report “Transparency International – Pakistan” which aims to measure the nature and extent of corruption being faced by consumers. Secondly, a list of knowledgeable and experienced officers (BPS-17 to BPS-20) from the S&GAD was compiled. The above mentioned method is adapted from the work of Owusu (2006).

#### 4.3.2. Sampling technique

Sampling technique for this research is the “Convenience Sampling Technique” selected from “Non-probability Sampling Method”. This method is useful for the purpose of selection of sample from a population with convenience of the researcher.

#### 4.3.3. Source of sample

Source of sample is usually the sampling frame that is used for selection of units or samples from a certain population. In case of this study, source of sample is taken in terms of convenience and judgement of researcher. Convenient sample included key employees of public sector organizations focusing mainly those who fall under 17<sup>th</sup> to 20<sup>th</sup> rank or scale of employment while as per the judgement of researcher, these employees were able to provide purposeful and meaningful data for this study.

Unit of analysis is individual employees from each organization. Various respondents from different organizations in the province of Punjab participated as a sample who are the main source of sample for this study.

#### 4.3.4. Size of sample

Reviewing various sample size measurement methods by researchers, this study adopted one of the most common and reliable formula available in research methods.

Krejcie & Morgan (1970) presented sample size measurement methods for known and unknown populations. The formula for and table for known populations is commonly used to select sample sizes for researches. That table shows sample sizes calculated using confidence level (95%), population sizes (known numbers), and population-sample proportion (50%).

For this study, sample size has been calculated as with above mentioned data for estimated population size (8000) at different levels of population-sample proportions. Sample size is 383 at 50% proportion; 368 at 40% proportion; 322 at 30% proportion; 246 at 20% proportion; 139 at 10% proportion. This study will select an appropriate size from these sample size outputs. Among the employees of 11 public sector organizations, 368 questionnaires will be distributed on convenience basis.



#### 4.4. Design of measures

Measurement instrument and its methodology is mentioned here in terms of measurement instruments and their scales to be used as well as validity and reliability of these instruments for gathering useful data.

##### 4.4.1. Measurement instruments

Data collection methods are essential for research design. For that purpose, measurement instruments such as questionnaire, interview, focus group, experiment etc. are significant and have their own relevance in different contexts. Questionnaire is quite useful to gather and measure data for this study purposefully.

This research used Questionnaire for proposed model that includes all the selected variables. Questionnaire has constructs (variables) with multiple items (questions). Statements of Questionnaire's items were phrased along their respective scales.

All the measures (constructs and their items) as well as their scales were adapted from valid sources in previous literature. The main sources of measures for all the constructs and their items are listed in Table 3 below:

**Table 3.** *Sources of measures*

	Constructs (Measures)	Scales	Sources
1	Management Style (HR Practices)	No – Yes (Don't know)	Lund & Gjerding (1996)
2	Decentralization (Delegation)	Not at All – To a Great Extent	Gordon & Narayanan (1984)
3	Democratization and Participation (Involvement in Decision Making)	None – Much	Jeppesen (2003)
4	Customer Concept (Customer Orientation)	Not at All – To a Great Extent	Narver & Slater (1990)
5	Perceived Organizational Performance in NPM	Strongly Disagree – Strongly Agree Poor – Outstanding Never – Always	Brewer & Selden (2000)

Questionnaire (full form) has been given in the appendix of this document.

##### 4.4.2. Validity and reliability

Validity and reliability is helpful indicator of strength and weakness of measurement instruments used in a research. The validity has been tested in terms of content validity whereas construct validity is least applicable because adopted measures are usually pre-validated. The reliability of the measures or items of each construct will be tested using Cronbach's Alpha test that is most commonly used for reliability testing.

#### 4.3. Procedure for data collection

Data collection methods include measurement instruments such as questionnaire. This research selected Questionnaire survey for data collection purpose. A researcher administered questionnaire survey was conducted for subjects or respondents from various organizations for a selected sample size. Survey was completed in short duration.

Procedure for Data Collection is important because significance of results is affected by it. The results of this research will be possibly significant as it has taken the necessary measures to minimize the possibility of insignificant results. Sample size has been calculated carefully and survey for data collection will also be conducted with caution of any biasness. These measures will be helpful in achieving statistically significant data and results.

#### 4.4. Statistical Techniques and Tools

The reliability of measures has been tested using Cronbach's Alpha. Demographic variables' data has been analyzed with Descriptive statistics because that is useful for profiling the sample. Data collected from Research Framework's variables has been analyzed using statistical technique of regression analysis

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because a causal model is under study. Type of regression is multiple linear regression because of multiple independent variables and single dependent variable.

Statistical analyses have been primarily done using the latest version available of the most commonly used software IBM SPSS Statistics.

### 5. Data analyses and discussion

This chapter includes data analysis and discussion of this research in detail. Data Analyses covers Descriptive Statistics Analysis of Demographics; Validity and Reliability Analysis of Constructs; Assumptions for Regression Analysis; Regression Analysis of Research Framework; and Result of Hypotheses Testing. Discussion covers overall implications of findings in this research.

#### 5.1. Data analyses

Data analysis is done for both demographic variables and research framework variables in questionnaire survey. The analysis of Demographic variables for data collected through the demographics section of questionnaire survey is done in the form of Demographic statistics. These are useful as a demographic profile of the participants of the survey used for this research. The analysis of research framework variables for data collected through the research framework variables section of questionnaire survey is done in the form of Regression analysis. Initially, the validity and reliability of instrument is checked and assumptions of regression are also tested. Later, the Regression is run for whole model and its variables. The results of hypotheses testing are also given. The details of all these analyses are given below:

##### 5.1.1. Descriptive statistics

Descriptive statistics of Demographic Variables are given in Table 4 below:

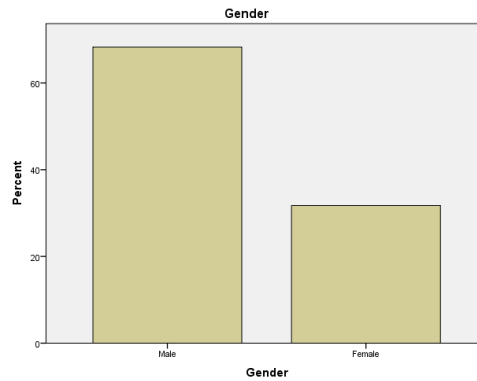
**Table 4.** Descriptive statistics of demographic variables

Sr. No.	Demographic Variables with Items	104 Respondents	
		Frequency	Percentage
1	Gender		
	Male	71	68.3%
	Female	33	31.7%
2	Level of Education		
	Below 16 years	6	5.8%
	16 years	51	49.0%
	18 years	33	31.7%
3	Above 18 years	14	13.5%
	Work Experience		
	Below 1 years	2	1.9%
	1-5 years	40	38.5%
4	6-9 years	35	33.7%
	More than 09 years	27	26.0%
	Designation/BPS		
	16	7	6.7%
	17	57	54.8%
	18	34	32.7%
	19	5	4.8%
	20	1	1.0%

**Note:** The response of this survey was 104 out of 368 sample size.

Chart 1. Shows Descriptive Statistics for Gender.

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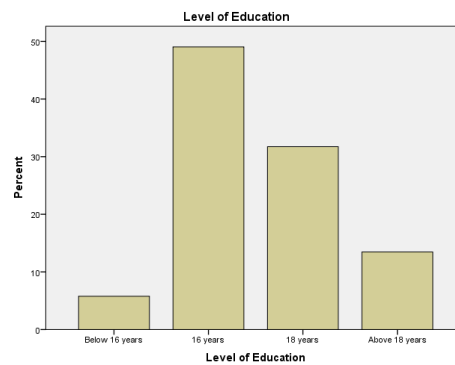


**Chart 1.** *Descriptive Statistics – Gender*

The frequency distribution of “Gender” shows that 68.3% respondents are males whereas 31.7% are females. Therefore, larger proportion of respondents is male and moderate proportion is female.

These results indicate that male gender is dominant in this sample which points out the superiority and involvement of males in this sample.

Chart 2 shows Descriptive Statistics for Level of Education.

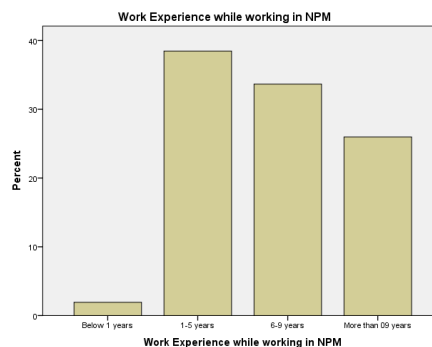


**Chart 2.** *Descriptive Statistics – Level of Education*

The frequency distribution of “Level of Education” shows that 49.0% respondents have 16 years of education whereas 31.7% respondents have 18 years of education. Therefore, majority of respondents is having 16 or 18 years of education. Further results show that 5.8% respondents have below 16 years of education and 13.5% respondents have above 18 years of education.

These results indicate that as whole, larger proportion i.e. 80.7% is moderately educated. Whereas, smaller proportion i.e. 19.3% is either very poorly or very highly educated.

Chart 3 shows Descriptive Statistics for Work Experience.



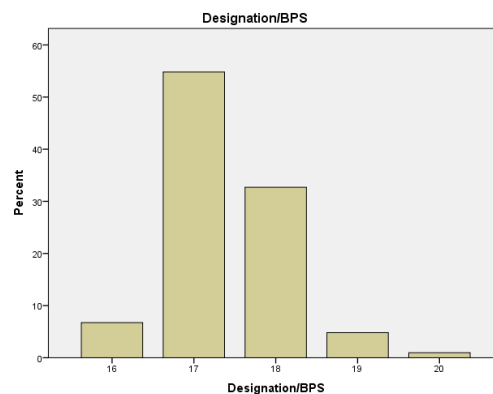
**Chart 3.** *Descriptive Statistics – Work Experience*

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The frequency distribution of “Work Experience” shows that 38.5% respondents have 1-5 years of work experience whereas 33.7% respondents have 6-9 years of work experience. Therefore, majority of respondents is having either 1-5 years or 6-9 years of work experience. Further results show that 26.0% respondents have more than 09 years of work experience and 1.9% respondents have below 1 year of work experience. Therefore, a moderate respondents have more than 09 years of work experience while minority of respondents have below 1 year of work experience.

These results indicate that as whole, larger proportion i.e. 72.2% is moderately experienced, while a moderate proportion i.e. 26.0% is highly experienced. Whereas, smaller proportion i.e. 1.9% is barely experienced.

Chart 4 shows Descriptive Statistics for Designation/BPS.



**Chart 4.** *Descriptive Statistics – Designation/BPS*

The frequency distribution of “Designation/BPS” shows that 54.8% respondents are from scale 17 and 32.7% respondents are from scale 18. Therefore, majority of respondents is having either 17 or 18 scale. Further results show that 4.8% respondents are from scale 19 and 1.0% respondents are from scale 20. Therefore, minority of respondents has either 19 or 20 scale. Remaining results show that 6.7% respondents are from scale 16. Therefore, minority of respondents has 16 scale.

These results indicate that as whole, larger proportion (87.5%) is working at a medium scale, while a smaller proportion (5.8%) is working at a high scale, and another smaller proportion (6.7%) is working at a low scale.

### *5.1.2. Validity and Reliability*

Construct Validity is done using factor analysis to test relationship of constructs. For this purpose Kaiser-Meyer-Olkin (KMO) and Bartlett’s tests are used. Results of both tests are given below in Table 5:

**Table 5.** *Validity statistics*

KMO and Bartlett's Test	Results		Validity Level
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	KMO	.657	Moderate Or Average
	Approx. Chi-Square	163.099	
Bartlett's Test of Sphericity	df	10	Significant
	Sig.	.000	

Validity Statistics show that for KMO measure the value is .657 which is moderate or average because it is approaching close to 1.0. Whereas, Bartlett’s test shows value of Chi-Square 163.099 which is significant because it is greater than table value. The p-value is 0.000 which is also significant as it is lower than 0.05. Results indicate that factor analysis is suitable for this research. Data Reduction is not used in this research, therefore further factor analysis is not conducted.

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The reliability of both constructs was tested using Cronbach's Alpha reliability coefficient. Cronbach's alpha values for each construct are given below in Table 6:

**Table 6. Reliability statistics**

Constructs	N	Items	Cronbach's Alpha	Reliability Level
Management Style (HR Practices)	104	7	.688	Average
Decentralization (Delegation)	104	5	.467	Low
Democratization and Participation (Involvement in Decision Making)	104	7	.723	Average
Customer Concept (Customer Orientation)	104	6	.786	Average
Perceived Organizational Performance in NPM	104	6	.812	High
Overall (All)	104	31	.878	High

Cronbach's Alpha reliability coefficient of each of the 5 constructs for respective number of items is found to be at acceptable standard. The high reliability level of all constructs indicates that the reliability of all constructs is high. Therefore, the given measurement instrument is highly reliable for this study.

### 5.1.3. Assumptions for regression analysis

Assumptions of regression must be fulfilled before using regression analysis technique. The research framework or model of this study makes single regression equation as following:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$$

$$DV = \alpha + \beta_1 (IV_1) + \beta_2 (IV_2) + \beta_3 (IV_3)$$

A linear regression is run for whole regression model to test the assumptions of regression for the given regression equation. The results of regression assumptions are in Table 7 + Chart 5:

**Table 7. Auto Correlation (Durbin-Watson) & MultiCollinearity (Tolerance & VIF)**

Model	AutoCorrelation Statistics		Collinearity Statistics	
	Durbin-Watson		Tolerance	VIF
(Constant)				
Management Style (HR Practices)			.726	1.377
Decentralization (Delegation)			.669	1.495
Democratization and Participation (Involvement in Decision Making)			.484	2.066
Customer Concept (Customer Orientation)			.604	1.655

#### a. Autocorrelation (Durbin-Watson)

Durbin-Watson test shows value of 1.568 which is less than 2.0 but it still indicates the absence of autocorrelation because it is not close to 0 (positive autocorrelation) or 4 (negative autocorrelation). Therefore assumption of autocorrelation is fulfilled.

#### b. MultiCollinearity (Tolerance and VIF)

Collinearity Statistics shows that for all the variables of this model; the values of Tolerance are from .484-.726 and the values of VIF range from 1.377-2.066. All the values of Tolerance are greater than 0.01 and all the values of VIF are lower than 10, which indicate the absence of multicollinearity. Therefore assumption of multicollinearity is fulfilled.

#### c. Heteroscedasticity (Scatter plot)

Heteroscedasticity was also tested using Scatter Plot diagram which shows absence of Heteroscedasticity. Therefore assumption of Heteroscedasticity is also fulfilled.

All the assumptions of regression are fulfilled for whole model. Therefore, it is suitable to use regression analysis technique for this regression model.



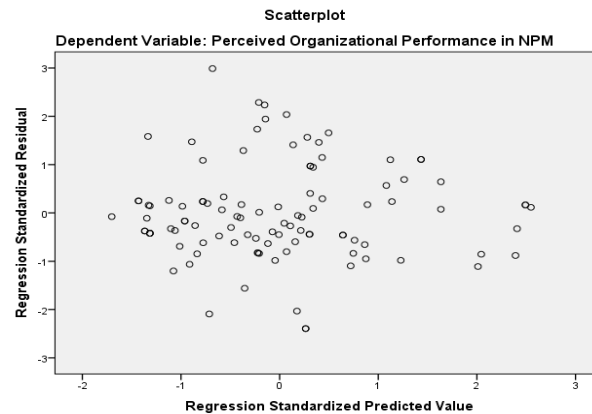


Chart 5. Heteroscedasticity (Scatter plot)

#### 5.1.4. Regression analysis

Regression Analysis for Regression Equation is given below in Table 8 to 10:

Table 8. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.672a	.452	.429	.5872249

Notes: a. Predictors: (Constant), Customer Concept (Customer Orientation), Decentralization (Delegation), Management Style (HR Practices), Democratization and Participation (Involvement in Decision Making); b. Dependent Variable: Perceived Organizational Performance in NPM

Table 9. ANOVA<sup>a</sup>

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	28.107	4	7.027	20.377	.000b
Residual	34.138	99	.345		
Total	62.245	103			

Notes: a. Predictors: (Constant), Customer Concept (Customer Orientation), Decentralization (Delegation), Management Style (HR Practices), Democratization and Participation (Involvement in Decision Making); b. Dependent Variable: Perceived Organizational Performance in NPM

Table 10. Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.941	.386		2.438	.017
Management Style (HR Practices)	-.012	.145	-.007	-.081	.936
Decentralization (Delegation)	-.335	.149	-.205	-2.250	.027
1 Democratization and Participation (Involvement in Decision Making)	.708	.136	.557	5.203	.000
Customer Concept (Customer Orientation)	.328	.126	.250	2.614	.010

Notes: Dependent Variable: Perceived Organizational Performance in NPM

Results of Regression Analysis for Regression Equation in tables above show that:

This model explains 42.9% variance with 58.7% standard error of the estimate. This model also has significant value for F-statistic (20.377) with significant p-value (0.000). Therefore, this model as a whole is significant.

The variables of this model are both significant and insignificant.

- X1 variable i.e., Management Style (HR Practices) is insignificant with insignificant t-statistic (-.081) and significant p-value (.936). And it is contrasting the expected outcome of actual hypothesis.

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- X2 variable i.e., Decentralization (Delegation) is significant with significant t-statistic (-2.250) and significant p-value (.027). But it is negative; therefore, it is opposite to the expected outcome of actual hypothesis.
  - X3 variable i.e., Democratization and Participation (Involvement in Decision Making) is positively significant with significant t-statistic (5.203) and significant p-value (0.000).
  - X4 variable i.e., Customer Concept (Customer Orientation) is positively significant with significant t-statistic (2.614) and significant p-value (0.000).
- Therefore, overall, last two of the variables of regression model are matching their corresponding hypotheses as these are positively significant. First two of the variables of regression model are not matching their corresponding hypotheses as these are either insignificant or negatively significant.

The independent variables of this model impact on dependent variables as described below:

- X1 variable i.e., Management Style (HR Practices) has -.007 value for standardized coefficient of Beta which indicates 1 SD change (increase) in this independent variable brings only 0.7% change (increase) in dependent variable.
- X2 variable i.e., Decentralization (Delegation) has -.205 value for standardized coefficient of Beta which indicates 1 SD change (increase) in this independent variable brings -20.5% change (decrease) in dependent variable.
- X3 variable i.e., Democratization and Participation (Involvement in Decision Making) has .557 values for standardized coefficient of Beta which indicates 1 SD change (increase) in this independent variable brings 55.7% change (increase) in dependent variable.
- X4 variable i.e., Customer Concept (Customer Orientation) has .250 value for standardized coefficient of Beta which indicates 1 SD change (increase) in this independent variable brings 25.0% change (increase) in dependent variable.

### 5.1.5. Result of hypotheses testing

The relationship and impact of each independent variable on respective dependent variable was tested using regression analysis technique. The result of Hypotheses testing is shown below in Table 11:

**Table 11.** Result of hypotheses testing

Hypotheses Statements	Direction	Significance	Result
H <sub>1</sub> : IV1 has significant positive impact on DV	"Positive"	Insignificant	Not Supported
H <sub>2</sub> : IV2 has significant positive impact on DV	"Negative"	Significant	Not Supported
H <sub>3</sub> : IV3 has significant positive impact on DV	"Positive"	Significant	Supported
H <sub>4</sub> : IV4 has significant positive impact on DV	"Positive"	Significant	Supported

### 5.1.6. Correlation Matrix

The correlational relationship among variables in the model was also tested using Pearson Correlation analysis technique. The Correlation Matrix is presented to show the Pearson Correlation Coefficients among the variables. It indicates the strength of association among variables. The Correlation Matrix is shown below in Table 12:

**Table 12.** Correlation matrix

		MS	DD	DP	CC	PNPM
MS	Pearson Correlation	1				
	Sig. (2-tailed)					
DD	N	104	1			
	Pearson Correlation	.360**				
DP	Sig. (2-tailed)	.000		1		
	N	104	104			
CC	Pearson Correlation	.454**	.473**		1	
	Sig. (2-tailed)	.000	.000			
PNPM	N	104	104	104		1
	Pearson Correlation	.371**	.048	.551**		

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	Sig. (2-tailed)	.000	.627	.000		
	N	104	104	104	104	
	Pearson Correlation	.265**	.068	.595**	.545**	1
PNPM	Sig. (2-tailed)	.007	.494	.000	.000	
	N	104	104	104	104	104

**Notes:**\*\* . Correlation is significant at the 0.01 level (2-tailed).

The results show that there is significant and positive correlation among majority of the variables. Only IV2 is not correlated with IV3 and IV4. These findings indicate that most of variables have statistically strong relationship with the each other.

### 5.2. Discussion

Data analysis results are presented and interpreted in terms of demographic results and model or research related results. These results are discussed below:

The demographic data was collected through the demographics section of questionnaire survey. These results indicate an overall individual profile of the respondents related to the study. The model or research data was collected through the model related section of questionnaire survey.

First, The validity and reliability was checked for the model and data. Content validity is already fine because adopted questionnaire is pre-validated. It was tested by consulting researchers of same field. Construct validity was done using factor analysis and only necessary tests required to test relationship of variables were used. These (KMO and Bartlett's test) were found significant for this data. The reliability was tested by using Chronbach's alpha coefficient which was found acceptable for all the constructs. Second, the statistical analysis of data collected for research framework or model was done using the statistical technique of multiple regression analysis for regression equation of framework (model).

Assumptions of regression were tested before using regression analysis technique on the regression equation of framework or model of this study. First, Autocorrelation was checked with Durbin-Watson test that showed the absence of autocorrelation. Second, Multicollinearity was checked with Collinearity Statistics (Tolerance and VIF) for all the variables of this model that showed the absence of multicollinearity. Third, Heteroscedasticity was checked using Scatter Plot diagram that showed the absence of Heteroscedasticity. Overall, all the assumptions of regression were fulfilled for whole model which made it suitable to use regression analysis technique for this regression model.

For regression equation the model as a whole was found significant along with all the variables which were significant or insignificant. This model explains average variance with average standard error of the estimate. This model also has significant value for F-statistic with significant p-value. Therefore, this model as a whole is significant. IV3 and IV4 were positively significant with significant t-statistic and significant p-value for each. IV2 was negatively significant while IV1 was insignificant. Therefore, some of the variables of this model are significant and some are not. Overall, analysis was successful in all aspects.

The result of hypothesis testing showed that 2 of the hypotheses are supported in this study and 2 are not supported as some independent variables i.e., IV3 and IV4 show significant and positive impact on respective dependent variable i.e., DV. While the other independent variables like IV1 and IV2 are either insignificant or significant but negative impact.

The implications of this research are given in recommendation section. These recommendations are of vital importance for the enhancement of organizational performance through effective implementation of NPM.

## **6. Conclusion and recommendations**

This chapter covers conclusion of this research and its recommendations.

### **6.1. Conclusion**

This study aimed to achieve two basic objectives. A detail of successful achievement of these objectives is given below:

First objective is successfully achieved in previous chapter by measuring factors influencing Organizational Performance in NPM in organizations in Pakistan. Results show that “Democratization and Participation (Involvement in Decision Making)”; and “Customer Concept (Customer Orientation)” have significant positive impact on “Perceived Organizational Performance in NPM”. Whereas “Management Style (HR Practices)” and “Decentralization (Delegation)” do not have positive significant impact on “Perceived Organizational Performance in NPM”. The insignificant (nearly zero) impact of “Management Style (HR Practices)” indicates the unresponsiveness of employees towards modern management related practices. The significant (but negative) impact of “Decentralization (Delegation)” indicates the resistance of employees towards recent attempts of Devolution of power or authority. This research is limited to civil servants which shows their interest in favor of centralization or against decentralization which may be biased. Furthermore, we may conclude that it is one side of picture. This research may be extended to verify positive and negative sides of centralization and decentralization as per customers’ notions.

Second objective is successfully achieved in upcoming chapter by providing recommendations as general and specific strategies for effective implementation of NPM in public sector enterprises in Pakistan to help in enhancing organizational performance under NPM.

### **6.2. Recommendations**

Recommendations are provided here for effective implementation of NPM in public sector enterprises in Pakistan in order to help in enhancing organizational performance under NPM. These are presented as strategies of general and specific scopes that may prove more effective while promoting and implementing NPM in further organizations. A few key recommendations are elaborated below in the form of:

- 6 General strategies – based on theories of previous researches
  - 4 Specific strategies – based on empirical results of current research
- Perceived Organizational Performance in NPM can be enhanced by:
1. Management Style (HR Practices)
  2. Decentralization (Delegation)
  3. Democratization and Participation (Involvement in Decision Making)
  4. Customer Concept (Customer Orientation)
- Perceived Organizational Performance in NPM can be enhanced by:
5. Privatization + Outsourcing or Contracting out
  6. Information Technology + ERP or Information systems
  7. Innovation Management
  8. Change Management
  9. Performance Management (Measurement and other aspects)
  10. Accountability (multi-dimensions)

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